

Resolution No. 7361

Tax Increment Financing

WHEREAS, Tax Increment Financing (“TIF”) is the most important tool available to fund community development and redevelopment efforts; and

WHEREAS, over time, the TIF law has become increasingly complex as the Legislature seeks to provide cities with the resources to grow the state’s economy while maintaining limits on the use of property taxes; and

WHEREAS, cities need greater flexibility to use TIF for community and economic development that support a city’s residents and businesses; and

WHEREAS, further restrictions of TIF would render the tool less effective and will hinder local efforts to support job creation, housing, redevelopment and remediation; and

WHEREAS, one component of the redevelopment TIF law (Minn. Stat. 469.174, subd. 10) requires that more than 50 percent of the buildings in a proposed redevelopment district be deemed “structurally substandard to a degree requiring substantial renovation or clearance” before a district can be established; and

WHEREAS, this makes small districts with two properties particularly difficult to establish.

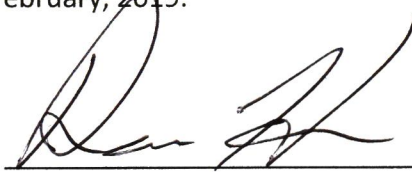
NOW, THEREFORE, BE IT RESOLVED by the City Council of Red Wing, Minnesota that the Minnesota Legislature should refrain from enacting future TIF law restrictions, rather the Legislature should:

- Amend Minn. Stat. § 469.1763, subd. 4, to clarify that tax increment pooling limitations are calculated on a cumulative basis.
- Modify Minn. Stat. 469.174, subd. 10, to allow a redevelopment district to be established where only 50 percent of the buildings are required to be structurally substandard to a degree requiring substantial renovation or clearance.
- Clarify that expenditures for the necessary maintenance of properties within TIF districts are an allowable use of tax increment under Minn. Stat. § 469.176, subd. 4.
- Allow term extensions for redevelopment districts which are taking longer to develop.
- Amend Minn. Stat. § 469.1763, subd. 3, to eliminate the “Five-year Rule” for districts that are taking longer to develop.
- Amend Minn. Stat. § 469.174, subd. 25, to provide time limits on the "deemed increment" created by land sales, leases and loans, and allow authorities greater flexibility in the use of lease revenues to fund ongoing operations.
- Expand the use of TIF to assist in the development of technological infrastructure and products, biotechnology, research, multi-modal transportation and transit-oriented

development, restoration of designated historic structures, non-retail commercial projects, and non-wetland areas where unstable/non-buildable soils exist.

- Increase the ability of TIF to facilitate redevelopment and housing activities.
- Modify the housing district income qualification level requirements to allow the levels to vary according to individual communities.
- Encourage compact development and consider reauthorization of compact development TIF districts with modifications to increase their effectiveness.
- Discourage any statutory mechanisms that directly or indirectly decrease the impact of city redevelopment and economic development projects.
- Simplify the substandard building test to resolve ambiguities and reduce the continued threats of litigation.
- Create an exception to the interfund loan resolution requirement in Minn. Stat. 469.178, subd. 7, to authorize the development authority to delegate to a staff person the ability to set the terms and conditions of an interfund loan.
- Amend the definition of redevelopment district under the TIF Act to include the obsolescence and incompatible land uses included in a renewal and renovation district, thereby providing cities with more flexible tools to address land recycling and redevelopment.

Adopted by the City Council this 11th day of February, 2019.



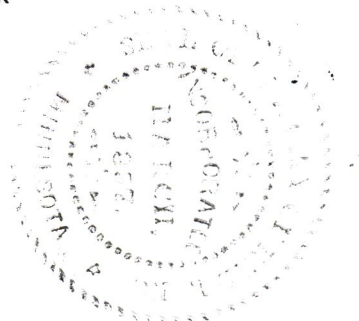
Dean Hove, Council President

ATTEST:



Teri L. Swanson, MCMC
City Clerk

(seal)



Presented to the Mayor at 8:43 P.m. on this 11th day of February, 2019. Approved this 11th day of February, 2019.

A handwritten signature in black ink, appearing to read "Sean M. Dowse", written over a horizontal line.

Sean M. Dowse, Mayor